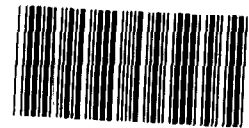


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UNITED STATES GENERAL ACCOUNTING OFFICE
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STATEMENT OF
JOSEPH F. DELFICO, ASSOCIATE DIRECTOR
HUMAN RESOURCES DIVISION
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
ON THE
EXAMINATION OF CHILD SUPPORT COLLECTION ACTIVITIES



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Mr. Chairman and Members of the Committee, we are here today to discuss the results of our on-going evaluation of Federal, State and local efforts to collect child support. We are performing this evaluation at the request of the Senate Committee on the Budget and Representative Mario Biaggi.

Today, the United States' child support program is the subject of intense public debate and congressional attention. A central issue today is how do we improve child support enforcement and increase collections. The number of single parent households has increased dramatically. Many absent parents are not fulfilling their court ordered obligations to support their children, and consequently welfare programs are bearing the costly support burden.

Recently, the House passed H.R.4325--the Child Support Enforcement Amendments of 1983--to improve the child support program through such measures as income withholding and incentive payments to States. Although our purpose today is not to discuss the bill, we hope our testimony and subsequent report will be useful in future deliberations about it.

PROGRAM ACCOMPLISHMENTS

The Child Support Enforcement Program collects child support from absent parents for families receiving public assistance from the Aid to Families with Dependent Children (AFDC) program and families not receiving AFDC. Support collected for AFDC families is turned back to the AFDC program.

The Child Support Enforcement program can point to significant accomplishments since its beginning in fiscal year 1976. By the end of fiscal year 1982 total collections had

tripled to almost \$1.8 billion, 2.1 million support orders were established and paternity determined for more than 800,000 children. In addition, the program helped to locate more than 3 million absent parents over five years ending in fiscal year 1982.

Despite these accomplishments, unpaid child support for AFDC children totals about one billion dollars annually. Also, there are concerns that families not receiving AFDC do not receive child support services on an equal basis.

GAO's WORK

We reviewed collection efforts at five State Child Support offices (California, Florida, Maryland, Michigan and New York) and six local offices (Sacramento County, CA; Jacksonville, FL; Montgomery County, MD; Oakland and Wayne Counties, MI; and Schenectady County, NY). At each local agency, we reviewed how the agency managed selected child support cases for a 1 year period beginning around January 1982. To date we have completed preliminary analysis of 222 cases (127 AFDC and 95 non-AFDC) cases at 5 locations where the agency first became responsible for collecting support.

PRELIMINARY OBSERVATIONS

Absent parents do not frequently pay their child support

We examined the paying habits of the 222 absent parents. Besides determining the total amount of support due compared to the amount paid for the study year, we focused on cases where payments were late by more than 10 days--a past due period used by various collection officials to trigger the need for initiating collection action. Absent parents paid 50 percent of the support

that was due for the study year. Absent parents associated with non-AFDC sample cases showed better payment performance than absent parents whose children received AFDC.

	Type of case		
	<u>AFDC</u>	<u>Non-AFDC</u>	<u>Combined</u>
Percent of child support due that was paid	31.1	64.0	49.8
Percent paying all support due	6.3	17.9	11.3
Percent making no payments	29.9	20.0	25.7

About 88 percent of the sample absent parents were delinquent by more than 10 days at least once during the study year. This included 121 (95 percent) of the AFDC cases and 74 (78 percent) of the non-AFDC cases. The average period of nonpayment was 3 months. Three-fourths of those who resumed paying experienced at least one more delinquency period.

The delinquency (payment late by more than 10 days) usually occurred when the very first payment to the child support agency was due. Eighty-one (64 percent) of the first payments due for AFDC cases were late. Fifty-seven (60 percent) of the non-AFDC absent parents were late in making their first payment.

There are few collection standards for the enforcement of child support orders

Though the Child Support Program is a Federal, State and local partnership, the local jurisdictions are the principle program managers. The Federal and State Governments have chosen

to allow the local agencies wide latitude in determining how and when support orders will be enforced and monies are to be collected from the absent parent.

Although the Federal Office of Child Support Enforcement (OCSE) has encouraged agencies to develop standards to measure their work products, services, or tasks, the only enforcement related operating standard required by Federal regulations is that delinquencies be identified within 30 days and payors contacted "as soon as possible." However, there is no time limit to follow up an identified delinquency. Also, the local agencies exercise discretion in selecting methods of contacting obligors and determining appropriate enforcement actions.

Action to collect past due
child support was for the
most part non-existent

Discussions with responsible collection officials indicate that timely follow-up on past due child support payments is essential to (1) curb the development of poor payment habits among first-time delinquents, (2) promote the public perception that program enforcement is persistent and effective, and (3) optimize collections. For the purposes of our analysis, we measured how quickly if at all an agency initiated enforcement action once payments were more than 10 days late.

AFDC cases

Of the 127 AFDC cases reviewed, 121 involved 309 instances where support payments were late by more than 10 days. During the 1-year study period we found that the local agencies did not take

any action nearly 60 percent of the time. When the agencies took action, an average 91 days had passed since the last payment was received from the absent parent.

We examined how the agencies reacted when for the first time the 121 absent parents were overdue by more than 10 days in making their payments. Local agencies took no action in 51 cases (42 percent). In the other 70 cases, the agency usually did not act until more than 30 days passed, and in about half of these cases, no action was taken until more than 60 days passed.

Non-AFDC

Policies on services to non-AFDC clients vary among States. Some States require all child support matters to be managed by the child support agency. Other States will assist only clients who know of and apply for services. One State we visited sets a quota on the number of non-AFDC clients that can be served. Individuals needing services are placed on a waiting list if the local agency is already serving its quota of non-AFDC clients. Another State we visited has allowed counties to limit services by imposing a "means test."

The local agencies were no quicker to act on non-AFDC child support that became past due. There were 194 delinquency periods (payments overdue longer than 10 days) involving 73 cases. The agencies took no action in 126 (64 percent) of the instances. When they did act, an average of 93 days had lapsed since the last payment was received from the absent parent.

Enforcement techniques
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The six local child support offices generally employed few enforcement techniques. Local agencies were more likely to use enforcement techniques involving the court system rather than an administrative measure such as a letter or telephone call. Court actions are more expensive, slower, and not always effective, and court expenses are normally defrayed from state and local budgets rather than reimbursed as a Federal child support enforcement program expense.

Two counties visited preferred a court order--requiring delinquent parents to "show cause" why they should not be found in contempt of court--as a main collection technique because they had deputy sheriffs on staff to arrest those who did not comply with the order. Officials from these two counties stated the show cause order was an effective technique because they had the resources to carry out an arrest threat. Another local office used letters or telephone calls as principle techniques. The agency director said the show cause order was not an effective technique because there was no staff assigned who had arrest authority.

The withholding of support payments from wages, known as "wage assignment," was described by child support officials we spoke to and in some literature as being the most effective collection technique for cases involving employed absent parents. Of the 127 AFDC cases reviewed, wage assignments were used in 30. Overall, 64 percent of support due was collected. This compares to the average of 50 percent of the support collected from the entire sample group.

Poor control over case files and records

Only one of the locations we visited performed case inventories on a regular basis or reconciled hard copy file information to the automated system. In the one location that is reconciling hard copy files to the automated system, the reconciliation has disclosed instances where:

- support orders were not always billed, and
- arrearage balances were understated.

At the other locations, agency officials could only provide estimates of their total case inventories or expressed reservations about the accuracy of the case counts or the completeness of information in their automated systems. In one of these locations, for example, an OCSE Regional Office review found that approximately 15 percent of the case files could not be located for various reasons. The review also disclosed that necessary information is not always entered on the automated system and if entered, it is not always timely, current, complete or accurate.



Mr. Chairman, although we have presented our preliminary observations at this time, we hope that this testimony has provided insights for improving collection performance and will help in the committee's deliberations. We plan to issue our final report later in the year. This completes our testimony and we are prepared to answer any questions.

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